

DISCLAIMER OF CONTROL

Pursuant to (i) Section 284-18-430 and Section 284-18A-410 of the Washington Administrative Code (the “WAC”), (ii) Section 3 AAC 21.130 of the Alaska Administrative Code (the “AAC”), and (iii) Section 836-027-0025 of the Oregon Administrative Rules (the “OAR”), application is hereby made on behalf of the [Foundation Shareholder], a to be formed Washington non-profit corporation (the “Foundation Shareholder”), for a determination by the Insurance Commissioner of the State of Washington (the “Commissioner”), the Alaska Division of Insurance and the Oregon Insurance Division, respectively, that upon the consummation of the various transactions (collectively, the “Conversion Transaction”) set forth in the Statement Regarding the Acquisition of Control of a Domestic Health Carrier and a Domestic Insurer (the “Form A”), dated September 17, 2002 filed concurrently with the Commissioner, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division on behalf of [New PREMERA Corp.], a to be formed Washington for-profit corporation (“New PREMERA”), the Foundation Shareholder will not be deemed to “control” the following entities:

(i) New PREMERA, [New Premera Blue Cross Corp.], a to be formed Washington for-profit corporation (“New PBC”), States West Life Insurance Company, a Washington for-profit insurance company (“SWL”), [New LifeWise Washington Corp.], a to be formed Washington for-profit health care service contractor (“New LifeWise Washington”), and MSC Life Insurance Company, a Washington for-profit insurance company (“MSC”), within the meaning of Section 48.31B.005(2) and Section 48.31C.010(3) of the Revised Code of Washington (the “RCW”), as applicable;

(ii) Premera Blue Cross Blue Shield of Alaska, a to be formed Alaska for-profit insurance company (“PBC-AK”), within the meaning of Section 21.22.200(3) of the Alaska Statutes (the “AS”); and

(iii) LifeWise Health Plan of Oregon, Inc., an Oregon for-profit insurance company (“LifeWise Oregon”, and together with New PBC, SWL, New LifeWise Washington, MSC and PBC-AK, collectively, the “Acquired Companies”), within the meaning of Section 732.548(2) of the Oregon Revised Statutes (the “ORS”).

Upon the consummation of the Conversion Transaction, each of the Acquired Companies will be direct or indirect wholly owned subsidiaries of New PREMERA.

After the completion of the Conversion Transaction, the Foundation Shareholder will own 100% of the initial capital stock of New PREMERA and New PREMERA will directly or indirectly “control” each of the Acquired Companies.

The following information is provided in respect of the Foundation Shareholder and New PREMERA pursuant to (i) Section 284-18-430 and Section 284-18A-410 of the WAC, (ii) Section 3 AAC 21.130 of the AAC, and (iii) Section 836-027-0025 of the OAR:

(a) The number of authorized, issued, and outstanding voting securities of the subject.

(a) New PREMERA will have • shares of common stock authorized, each share having one vote, of which • shares will be issued and outstanding upon the consummation of the Conversion Transaction, representing 100% of the capital and voting power of New PREMERA at such time. New PREMERA will in turn directly or indirectly own 100% of the issued and outstanding voting securities of each of the Acquired Companies.

(b) With respect to the person whose control is denied and all affiliates of such person, the number and percentage of shares of the subject's voting securities which are held of record or known to be beneficially owned, and the number of such shares concerning which there is a right to acquire, directly or indirectly.

(b) Upon the consummation of the Conversion Transaction, the Foundation Shareholder will beneficially own • shares of the common stock of New PREMERA, representing 100% of the voting power and capital of New PREMERA at such time (the "New PREMERA Common Stock"). The Foundation Shareholder will not hold of record or beneficially own any of the voting securities of any of the Acquired Companies. No affiliate of the Foundation Shareholder will hold of record or beneficially own any of the voting securities of New PREMERA or any of the Acquired Companies. Neither the Foundation Shareholder, nor any of its affiliates, have any rights to acquire, directly or indirectly, any voting securities of New PREMERA or any of the Acquired Companies, except for such dividends payable in voting securities or stock splits as may be declared by the Board of Directors of New PREMERA from time to time in the future.

(c) All material relationships and bases for affiliation between the subject and the person whose control is denied and all affiliates of such person.

(c) Except for the shareholding referred to in paragraph (b) above, there are no other material relationships or bases for affiliation between New PREMERA and the Acquired Companies, on the one hand, and the Foundation Shareholder and its affiliates, on the other.

(d) A statement explaining why such person should not be considered to control the subject.

(d) Although the Foundation will initially own 100% of the common stock of New PREMERA upon the consummation of the Conversion Transaction, it should not be deemed to “control” New PREMERA and/or the Acquired Companies within the meaning of (i) Sections 48.31B.005(2) and Section 48.31C.010(3) of RCW, Section 21.22.200(3) of the AS and Section 732.548(2) of the ORS, respectively, because the Foundation Shareholder and its affiliates will have no voting power in respect of the New PREMERA Common Stock, and will not otherwise have any role in the management or affairs of New PREMERA and/or the Acquired Companies, as a result of the restrictions imposed pursuant to the Voting Trust and Divestiture Agreement, the form of which is attached as Exhibit G-4 to the Form A (the “Voting Trust Agreement”), to be entered into by the Foundation Shareholder, New PREMERA and the [Trustee], a • corporation (the “Trustee”). Pursuant to the Voting Trust Agreement, the Foundation Shareholder will deposit all of its New PREMERA Common Stock into a voting trust administered by the Trustee. While retaining an economic interest in the New PREMERA Common Stock, it will delegate the voting rights pertaining to the New PREMERA Common Stock to the Trustee. The Trustee generally will be required to vote the New PREMERA stock owned by the Foundation Shareholder as directed by New PREMERA’s Board of Directors, including in matters related to the election or removal of directors. Any voting securities of New PREMERA and/or the Acquired Companies that may be owned by the Foundation Shareholder in the future as a result of a stock dividend or stock split declared by the Board of Directors of New PREMERA will also be subject to the provisions of the Voting Trust Agreement. Consequently, the Foundation Shareholder will not be able to elect any members to the New PREMERA Board of Directors, or take any other action as shareholder which would have the effect of allowing the Foundation Shareholder to direct the management or affairs of New PREMERA or the Acquired Companies.

Moreover, other than as described below in connection with its divestiture of its New PREMERA stock, the Foundation Shareholder and its affiliates will not have any business relationship with New PREMERA. Pursuant to the Stock Restrictions Agreement, the form of which is attached as Exhibit G-3 to the Form A, to be entered into by the Foundation Shareholder and New PREMERA, the principal activity of the Foundation Shareholder will be to promote the health and welfare of the citizens of Washington and Alaska through the use of proceeds derived from the sale of its New PREMERA stock over time. Such sales of New PREMERA stock will be governed by the Registration Rights Agreement, the form of which is attached as Exhibit G-5 to the Form A, to be entered into by the Foundation Shareholder and New PREMERA. Pursuant to the Registration Rights Agreement, New PREMERA will be obligated to periodically register certain amounts of New PREMERA stock at the request of the Foundation Shareholder with the Securities and Exchange Commission. The Registration Rights Agreement only requires New PREMERA to undertake such periodic registrations and does not otherwise give the Foundation Shareholder any rights regarding the management or policies of New PREMERA.

In light of the provisions of the Voting Trust Agreement and other aspects of the Foundation Shareholder – New PREMERA relationship described herein, it is respectfully submitted that the Foundation Shareholder and its affiliates will not possess the direct or indirect power to direct or cause the direction of the management and policies of New PREMERA and/or the Acquired Companies, whether through the ownership of voting securities, voting rights, by contract other than a commercial contract for goods, nonmanagement services, a debt obligation which is not convertible into a right to acquire a voting security, or otherwise.

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Pursuant to the requirements of Section 284-18-430 and Section 284-18A-410 of the WAC, the [FOUNDATION SHAREHOLDER] has caused this DISCLAIMER OF CONTROL to be duly signed on its behalf in Mountlake Terrace, Washington on this ● day of ●.

PREMERA, on behalf of the
[FOUNDATION SHAREHOLDER]

By: _____
Name: John P. Domeika
Title: Senior Vice President & General
Counsel

Pursuant to the requirements of Section 3 AAC 21.130 of the AAC, the [FOUNDATION SHAREHOLDER] has caused this DISCLAIMER OF CONTROL to be duly signed on its behalf in Mountlake Terrace, Washington on this ● day of ●.

PREMERA, on behalf of the
[FOUNDATION SHAREHOLDER]

By: _____
Name:
Title:

Pursuant to the requirements of Section 836-027-0025 of the OAR, the [FOUNDATION SHAREHOLDER] has caused this DISCLAIMER OF CONTROL to be duly signed on its behalf in Mountlake Terrace, Washington on this ● day of ●.

PREMERA, on behalf of the
[FOUNDATION SHAREHOLDER]

By: _____
Name:
Title: